



AD's, file Lmr
3-15-94

MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Larry J. Monteilh, Executive Officer
Clerk of the Board of Supervisors
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

S#13

All Department/District Heads

At its meeting held March 8, 1994, the Board took the following action:

42

The following matter was called up for consideration:

The Chief Administrative Officer's recommendation to instruct all County Departments to fully use any and all existing County-owned or other leased space for which no immediate cancellation clause exists, prior to pursuing any additional leased space; and instruct the Director of Internal Services to include cancellation clauses for the County benefit of not more than 90 days in all new or renewal property leases unless the Chief Administrative Officer finds a compelling reason why such a clause ought not to be included and so notifies the Board; and reconfirm the policy established on May 25, 1993, to include in consultant and other contracts for services clauses which allow for cancellation or downward renegotiations should that be required by the County's financial situation.

Joan Ouderkirk, Chief Deputy, Internal Services Department, addressed the Board.

After discussion, on motion of Supervisor Edelman, seconded by Supervisor Antonovich, unanimously carried, the Board adopted the Chief Administrative Officer's attached recommendations with the understanding that these policies are to be in effect until the budget is adopted, and instructed the Chief Administrative Officer to work with the Director of Internal Services Department if emergency situations require exceptions.

30308-4.com

Attachment

Copies distributed:
Each Supervisor

copy to the
+ file Board AG's portfolio

cc HSA 35
File - "Space"



COUNTY OF LOS ANGELES CHIEF ADMINISTRATIVE OFFICE

711 EMMETT HAHN HALL OF ADMINISTRATION/LOS ANGELES, CALIFORNIA 90012
(213) 976-1101

SALLY R. REED
CHIEF ADMINISTRATIVE OFFICER

March 2, 1994

Executive Summary

EXPENDITURE REDUCTION FLEXIBILITY (3-VOTES)

Request

Reconfirm, as Board policy:

- New or renewed leases will not be presented to the Board of Supervisors unless the Department of Internal Services and Chief Administrative Office certify that no other County owned or other long-term leased space which cannot be canceled is available.
- Any lease which is presented under the above criteria be cancelable by the County at any time within 90 days' notice.
- Reconfirm the previously established Board policy requiring all new or renewal consultant and all other contract agreements contain clauses which will allow for cancellation or renegotiations downward consistent with County budget reductions.

The Chief Administrative Office would be instructed to report on any exceptions to the lease policy on a case-by-case basis.

Fiscal Impact

- Unknown at this time.

Issues

- Los Angeles County faces a significant downsizing from this point on and into the upcoming fiscal year(s).
- It is imperative that the County have the maximum flexibility possible to reduce its lease and other contract expenditure obligations consistent with this downsizing.

EXP_REDU.BL

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**COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION / LOS ANGELES, CALIFORNIA 90012
(213) 974-1161

SALLY R. REED
CHIEF ADMINISTRATIVE OFFICER

March 2, 1994

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

EXPENDITURE REDUCTION FLEXIBILITY (3-VOTES)

As you know, target budget numbers have been distributed to each County department which represent a significant "downsizing" of the County's budget. While the specific places and programs which will be reduced to implement these curtailments will be determined during the next several months, it is imperative that your Board maintain the maximum degree of flexibility in all contracts and leases to reduce or terminate such agreements in a manner consistent with the reduced budget.

For these reasons, I am recommending herein that you reconfirm as Board policy that no new leases, lease renewals or other contractual obligations will be recommended for Board approval unless absolutely necessary and, if circumstances do require such agreements, that they include provisions for early termination or the ability to negotiate reductions in County liability.

Contract Cancellation or Renegotiation Clauses

Polan On May 25, 1993, on motion by Supervisor Molina, your Board established a policy that all new or renewal consultant and all other contractor agreements contain clauses that allow for cancellation or renegotiation downward consistent with other County budget reductions. This policy was disseminated to each department urging their strict compliance thereto.

The necessity of these clauses has certainly not diminished, and I am recommending your reaffirmation of their continued use.

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Property Leases

Over the past year, this office, in cooperation with the Internal Services Department has critically examined all requests for additional space and where possible recommended the use of facilities already in the County's office space inventory. An excellent example of this was the staff relocations and refurbishment of a portion of the building at 2615 South Grand Avenue in Los Angeles, in lieu of leasing additional space, to establish a Department of Public Social Services' district office. However, other localized caseload growth has justified the continued, albeit reduced, acquisition of additional leased space.

In general terms, the longer the commitment to occupy space made by the County the better (lower) the rental costs. Thus, the County must weigh the advantages of lower rental versus cancellation flexibility. Given the softness in the real estate market, we should not have to pay a great premium for cancellation options as we might otherwise. As a general policy, given our budget situation, I do not intend to recommend any additional leases, new or renewal, which cannot be canceled within 90 days' notice. However, it may be necessary at times to recommend exceptions to this general rule where there are very compelling economic or financial reasons. We will report these exceptions on a case-by-case basis.

THEREFORE, IT IS RECOMMENDED THAT YOUR BOARD:

1. Instruct all County departments to fully use any and all existing County owned or other leased space for which no immediate cancellation clause exists, prior to pursuing any additional leased space.
2. Instruct the Director of Internal Services to include cancellation clauses for the County's benefit of not more than 90 days in all new or renewal property leases unless the Chief Administrative Office finds a compelling reason why such a clause ought not to be included and so notifies the Board.

Honorable Board of Supervisors

March 2, 1994

Page 3

3. Reconfirm the policy established on May 25, 1993 to include in consultant and other contracts for services clauses which allow for cancellation or downward renegotiations should that be required by the County's financial situation.

Respectfully submitted,


SALLY R. REED
Chief Administrative Officer

SRR:SNY

MMM:td8

- c: Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller
All Other Department Heads